# GOVERNMENT OF INDIA
# PLANNING
# LOK SABHA

UNSTARRED QUESTION NO:5228
ANSWERED ON:30.04.2008
NEW SCHEMES FOR DEVELOPMENT OF BACKWARD / RURAL AREAS
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**Will the Minister of PLANNING be pleased to state:**

(a) whether the Government has formulated any schemes for the development of industrially backward/rural areas in various parts of the country;

(b) if so, the details thereof; and

(c) the steps being taken by the Government for speedy development of the backward areas in the country?

## Answer

MINISTER OF STATE IN THE MINSTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI V. NARAYANASAMY)

(a) to (c ): Concerted efforts are being made both by the Central and State Governments for industrial development of backward areas under various schemes providing, inter-alia, for adequate flow of credit from financial institutions and banks, fiscal concessions, improved industrial infrastructures and a conducive investment climate for setting up of industries. The Central government is providing package of economic incentives to the North-Eastern States and Special Category States of Jammu & Kashmir, Himachal Pradesh and Uttarakhand as these States are geographically isolated, hilly and remote with poor infrastructure and accessibility to markets.

In addition, government has been implementing two credit linked capital subsidy progrmmes, namely Rural Employment Generation Programme(REGP) and Prime Minister's Rozgar Yojana (PMRY). These schemes have now been merged into one scheme, namely, Prime Minister's Employment Generation Programme.

A new programme viz. the Backward Regions Grant Fund was initiated in 2006-07 with the main objective to redress regional imbalances in development in the country. The proramme has two components, namely, Districts Components covering 250 districts and Special Plans for Bihar and the KBK Districts of Orissa. The Districts Component of the BRGF will provide financial resources for supplementing and converging existing developmental inflows into the identified districts to bridge critical gaps with the involvement of Panchayati Raj Institutions (PRIs) The Special Plan for Bihar has been formulated to bring about improvement in sectors like power, road connectivity, irrigation, forestry and watershed development. The Special Plan for the KBK districts aims at addressing the development gaps in the KBK region.

The Growth Centre Scheme of the Department of Industrial Policy & Promotion (DIPP), was launched in 1991 for promoting the development of manufacturing industries in industrially backward areas. Although as many as 52 growth centres were established there was weak response from entrepreneurs to set up units within the centres, as a result of which large areas within the centres were lying vacant. The scheme was discontinued after the Mid Term Appraisal of the Tenth Five Year Plan.

Experience of establishing area development programmes suggests that they can succeed only if they are demand driven and the initiative comes from entrepreneurs who are willing to commit some initial capital investment and eventually run the project on a self-sustaining basis.